

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS
AND ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

SUBJECT: FY 2023 Budget Development: Collective Bargaining

ELECTION DISTRICT: Countywide

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PURPOSE: This item provides an overview of service level impacts related to the anticipated implementation of collective bargaining.

BACKGROUND: This item is part of a series of service level discussions provided to the Finance/Government Operations and Economic Development Committee (FGOEDC) as part of the FY 2023 budget development process. This information is provided to the FGOEDC in advance of the Proposed Budget to allow Board of Supervisors (Board) members to review the information and engage in discussion at time when distinct action is not required. This item presents an overview of service level considerations related to the anticipated implementation of collective bargaining.

Effective May 1, 2021, the Code of Virginia [§ 40.1-57.2](#) allows for collective bargaining between counties, cities, towns, and school boards and their employees where the locality has provided for it in a local ordinance or resolution. On April 20, 2021, the Board voted (6-3: Buffington, Kershner, and Letourneau opposed) to direct staff to return to an upcoming Board Business Meeting with options for a local ordinance authorizing the traditional model of collective bargaining and recognizing labor unions or other employee associations as bargaining agents for eligible County employees. On July 20, 2021, the Board confirmed this direction through voting (6-3: Buffington, Kershner, and Letourneau opposed) to support adoption of such an ordinance, and further directed that the draft ordinance be brought to a closed session and a public hearing for further discussion prior to adoption. Currently, the draft ordinance is on the agenda for the November 10, 2021 public hearing and is still pending finalization and adoption.

Once an ordinance authorizing collective bargaining has been adopted, a period of several months would be required for a labor union or employee association to petition for certification, for a

certification election to be advertised and held, and for a newly certified union to submit a request for bargaining to initiate negotiations. Based on the current timeline for ordinance adoption, it is anticipated that collective bargaining negotiations could begin in Spring 2022. Negotiations beginning around this time would impact the FY 2024 budget development cycle, meaning that FY 2024 would likely be the first fiscal year that the financial impacts of negotiated collective bargaining agreements would be budgeted for implementation, including changes in compensation and benefits.

While the contracts with labor unions or employee associations are projected to have a fiscal impact on the County's budget in FY 2024, staffing and programs in support of the administration of a collective bargaining environment have already begun and will need to continue throughout FY 2022 and FY 2023.

The departments anticipated to see the largest workload impacts from administering collective bargaining are Human Resources, Finance and Budget, and the County Attorney's Office. Staff has proposed a phased approach to adding resources to support collective bargaining, prioritizing positions at earlier stages that will help lay the groundwork for a collective bargaining environment. The Board has provided funding at FY 2021 mid-year (Phase I) and in the FY 2022 Adopted Budget (Phase II) for collective bargaining support resources. Remaining service level needs not yet addressed will result in additional resource requests in the FY 2023 Proposed Budget.

The following positions, shown in Table 1 below, were added at FY 2021 mid-year. These positions were funded through the use of prior year fund balance in FY 2021 and were included in the FY 2022 base budget for each respective department. Together, these positions represent 3.00 FTE and an approximate annual cost of \$400,000.

Table 1. FY 2021 Mid-Year Positions for Collective Bargaining (Phase I)

Department	Position(s)	Primary Functions/Needs Addressed	Recruitment Status
Human Resources	Labor Relations Manager (1.00 FTE)	Represent the County in collective bargaining negotiations and dispute resolution, implement and update labor relations policies, interpret bargaining agreements, and coordinate and serve on Labor-Management committees.	Offer of employment extended and accepted
County Attorney	Assistant County Attorney (1.00 FTE)	Legal support for overall collective bargaining policy and administration, to include supporting negotiations, reviewing bargaining agreements, and supporting dispute resolution.	Hired

Department	Position(s)	Primary Functions/Needs Addressed	Recruitment Status
Finance and Budget	Management Analyst (1.00 FTE)	Engage collective bargaining in the overall budget process and perform financial and compensation analysis on potential bargaining issues.	Hired

A second group of positions was added in the FY 2022 Adopted Budget. These positions, outlined in Table 2 below, represent 5.00 FTE and an approximate annual cost of \$600,000.

Table 2. FY 2022 Positions for Collective Bargaining (Phase II)

Department	Position(s)	Primary Functions/Needs Addressed	Recruitment Status
Human Resources	Labor Relations Analysts (2.00 FTE)	Provide support for functions of Labor Relations Manager, implement and update labor relations policies, analyze bargaining agreements, and deliver labor relations training to supervisors and managers.	Under recruitment
County Attorney	Assistant County Attorney (1.00 FTE)	Legal support for overall collective bargaining policy and administration, to include supporting negotiations, reviewing bargaining agreements, and supporting dispute resolution.	Under recruitment
Finance and Budget	Management Analyst (1.00 FTE)	Conduct revenue and economic analysis to inform negotiations on potential bargaining agreements.	Hired
Finance and Budget	Payroll Accountant (1.00 FTE)	Address payroll impacts of bargaining agreements; oversee payroll processing and reconciliation.	Anticipated recruitment in second half of FY 2022

In addition to funding for positions, the FY 2022 Adopted Budget also included \$300,000 of operating funds to support collective bargaining administration. These funds were intended to cover costs such as hiring a third-party labor relations administrator or labor relations ombudsman to administer union certification and decertification processes, as well as contracting mediation and arbitration services for dispute resolution.

ISSUES: As mentioned above, the adoption of a collective bargaining ordinance in late 2021 means that collective bargaining negotiations could begin as soon as Spring 2022 and that

collective bargaining agreements affecting compensation and benefits could be implemented as soon as FY 2024 (beginning on July 1, 2023). During FY 2023, it is anticipated that the County could experience the full range of service level impacts from collective bargaining, as staff would be engaged in the process of negotiating collective bargaining agreements. Once approved, staff would pivot to creating and putting the procedures and systems in place to operationalize those agreements effective at the beginning of FY 2024.

Based on the ordinance currently under consideration, anticipated service level impacts from collective bargaining have only been partially addressed through the first two phases of resources added. It is anticipated that a third set of resources would be requested in the FY 2023 Proposed Budget to address the remaining workload impacts. Additional areas identified as potentially needing support in FY 2023 would include benefits administration, payroll and systems support, long-term budgetary forecasting, legal support services, and labor relations training for managerial staff, as described in further detail below.

Benefits Administration: It is anticipated that collective bargaining negotiations involving benefits may result in separate benefit options for various bargaining units, which could affect plan design, cost share, and employee premiums. To support these types of changes, staff resources are needed to implement, maintain, and administer the agreed-upon benefit provisions. This includes setting up or altering benefit plans, testing systems and vendor interfaces, and providing communications and customer service support to employees. At present, the Benefits division in the Department of Human Resources is working at full capacity to manage its existing workload. There only two Benefits Specialists responsible for most aspects of benefit plan administration and the team has not grown since FY 2018, despite an increase of over 600 County FTE in that time and increasing complexity of benefits programs. Any significant changes to benefits associated with collective bargaining could not be managed by existing staff without negatively impacting overall operations. Therefore, additional staffing resources would be needed for Human Resources to support this function.

Payroll and Systems Support: Collective bargaining agreements impacting compensation, leave, and/or benefits will all have an impact on the payroll system. All changes affecting payroll will require reconfiguring and testing systems, and differences between the provisions in various bargaining agreements may require separate system configurations and payroll processing for various groups of employees. These factors would increase the overall workload and complexity associated with managing and processing payroll. A Payroll Accountant (1.00 FTE) was added during the FY 2022 budget process to provide capacity to oversee these types of changes, administer and audit payroll, and develop policies and procedures in the Department of Finance and Budget (DFB). However, it is anticipated that the service level impact will be greater than what this position could handle alone. Additional capacity will be needed for systems development and support from a technical standpoint, to ensure payroll changes are operationalized in a timely and accurate fashion. At present, two staff members are responsible for supporting the Oracle payroll and time and labor systems and these positions are working at full capacity to address the highest priority systems issues, with no room for additional duties. Further, additional resources will also be needed for payroll processing. The existing team of three payroll technicians has not

grown since the implementation of Oracle for human capital management, despite significant growth in the County workforce since that time. With collective bargaining, additional staff time will be required to execute the nuances of bargaining agreements in the payroll system, validate that pay and earnings are in accordance with agreements, research and resolve errors, and field specific questions from employees in unionized workgroups. These functions could not be absorbed by existing staff without creating an unachievable workload and increasing the likelihood of payroll errors.

Long-Term Revenue and Expenditure Forecasting: With collective bargaining, negotiating and implementing multi-year bargaining agreements will require longer-term financial planning and forecasting for the operating budget, similar to the long-term planning required to program the Capital Improvement Program. Multi-year forecasting will be needed both for the County's revenue sources and for expenditure growth in the General Fund budget, including costs to maintain the current service level, open new facilities, and maintain market-competitive compensation. Sophisticated modeling efforts will be needed to ensure staff can make well-informed and fiscally appropriate recommendations to the Board during labor negotiations. Further, the costs associated with proposed collective bargaining agreements will need to be analyzed in relation to the overall forecast and incorporated into the expenditure forecast once approved. Currently, the department lacks resources to support multi-year forecasting for the operating budget's complex mix of revenue sources and expenditures and will request position(s) for FY 2023 to build up this critical function.

Legal Support Services: As of FY 2022, the County Attorney's office has added two Assistant County Attorney positions (2.00 FTE) to provide legal support to collective bargaining policy and administration. There will be a need for paralegal support for these positions, to assist with functions such as research, document review and production, and general administrative support.

Labor Relations Training: Labor relations training will be required to help managers and supervisors understand the terms of collective bargaining agreements and operate effectively in a unionized environment. Due to the size and complexity of the County's workforce, and the wide range of managerial and supervisory positions, it is anticipated that training efforts will require a significant amount of time and attention. The Labor Relations positions already added as of FY 2022 (one manager and two analysts) are expected to have primary responsibility for this function. However, it is possible that additional resources may be needed to support training efforts, such as funding for outside training courses or contractors.

Collective bargaining remains an evolving situation, as the authorizing ordinance remains to be finalized and adopted. Any significant changes to the ordinance could result in a need to revisit support needs. Further, once the County has gone through the process of negotiating and implementing collective bargaining agreements, other service level constraints or areas requiring support could be identified and may result in resource requests for future budget cycles.

FISCAL IMPACT: Based on the support needs outlined above, up to seven positions could be requested for the FY 2023 budget. The exact costs and number of positions to be included will depend on the Board's direction during the FY 2023 budget process.